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ACTION EAP-00

INFO	LOG-00	NP-00	AID-00	AMAD-00	ACQ-00	CA-01	CEA-01
	CIAE-00	COME-00	CTME-00	C-00	DOEE-00	ITCE-00	SRPP-00
	DS-00	EB-00	EXME-00	E-00	FBIE-00	UTED-00	VC-00
	FRB-00	H-01	TEDE-00	INR-00	IO-00	ITC-01	LAB-01
	L-00	VCE-00	MOFM-05	MOF-03	AC-01	NSAE-00	NSCE-00
	OCS-03	OES-01	OIC-02	OMB-01	OPIC-01	PA-00	PC-01
	PM-00	PRS-00	ACE-00	P-00	SCT-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TEST-00	TRSE-00	T-00	USIE-00
	R-00	PMB-00	DSCC-00	DRL-02	G-00	NFAT-00	SAS-00

/025W

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FM AMEMBASSY HANOI
TO SECSTATE WASHDC 4666
INFO AMCONSUL HO CHI MINH CITY
AMEMBASSY SEOUL
AMEMBASSY TOKYO
ASEAN COLLECTIVE
USCINCPAC HONOLULU HI//FPA//
SECDEF WASHDC//ISA/ABLAGG//

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SIPDIS

SENSITIVE

STATE FOR EAP/BCLTV; EAP/K; EAP/RSP; INR/EAP

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E.O. 12958: N/A
TAGS: [PREL](#) [ETRD](#) [VM](#) [KN](#) [KS](#) [DPRK](#)
SUBJECT: VIETNAM-NORTH KOREA: RELATIONS CONTINUE TO THAW

1. (SBU) SUMMARY. THE SRV/DPRK JOINT ECONOMIC, SCIENTIFIC, AND TECHNOLOGY COMMITTEE MET IN PYONGYANG FROM OCTOBER 15-19 FOR THE FIRST TIME SINCE VIETNAM OPENED BILATERAL RELATIONS WITH SOUTH KOREA IN 1992. WHILE PRESS REPORTS TOUTED THE MEETING AS "HERALDING A COMPLETE REVIVAL OF BILATERAL TRADE," THE RESULTS OF THE MEETING APPEAR VERY MODEST. THIS MEETING FOLLOWED A SERIES OF HIGH LEVEL VISITS OVER THE PAST YEAR. THE RECENT THAW IS IN LINE WITH VIETNAM'S GENERAL POLICY TO "BE FRIENDS WITH EVERYONE" AND HAS NOT IMPACTED ITS THRIVING RELATIONSHIP WITH SOUTH KOREA. END SUMMARY.

JOINT COMMITTEE MEETING REFLECTS "TRADITIONAL RELATIONS"

12. (SBU) IN AN OCTOBER 29 MEETING, NGUYEN THAC DU, KOREA DESK DIRECTOR FOR THE MINISTRY OF FOREIGN AFFAIRS (MFA) ASIA I SECTION, TOLD POLOFF THAT THE VIETNAM-DPRK RELATIONSHIP IS "REALLY VERY GOOD." HOWEVER, HE ADMITTED THAT WHEN VIETNAM ESTABLISHED RELATIONS WITH SOUTH KOREA IN 1992, THE "TRADITIONAL RELATIONSHIP WAS STRAINED" WITH PYONGYANG. DU ACKNOWLEDGED THAT SINCE 1992 THERE HAD BEEN ALMOST NO BILATERAL TRADE, BUT ASSERTED THAT THIS WAS NOT DUE TO THE POLITICAL COOLING BETWEEN THE TWO COUNTRIES. RATHER, IT WAS DUE TO THERE BEING "VERY LITTLE TO EXCHANGE." ACCORDING TO DU, A SERIES OF OFFICIAL VISITS THAT BEGAN IN 2000 SINGLED

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A RETURN TO THE TRADITIONAL FRIENDSHIP AND INDICATED THAT THE RELATIONSHIP IS NOW "RECOVERING STEP BY STEP." THESE VISITS INCLUDED: (1) THE SRV FOREIGN MINISTER'S VISIT TO THE DPRK IN APRIL 2000; (2) THE DPRK FOREIGN MINISTER'S VISIT TO VIETNAM IN AUGUST 2000; (3) THE DPRK SUPREME ASSEMBLY PRESIDENT'S VISIT TO VIETNAM IN JULY 2001; AND, (4) THE OCTOBER 2001 JOINT ECONOMIC COMMITTEE MEETING. DU NOTED THAT SRV PRESIDENT TRAN DUC LUONG IS EXPECTED TO VISIT PYONGYANG IN 2002, BUT HE COULD NOT PROVIDE A SPECIFIC DATE.

MODEST RESULTS FROM JOINT ECONOMIC COMMITTEE MEETING

13. (SBU) DU DESCRIBED THE MEETINGS AS "VERY SUCCESSFUL," BUT HE ADMITTED THE RESULTS WERE "MODEST" AND SAID THERE WERE NO SIGNIFICANT OR VERY SPECIFIC AGREEMENTS SIGNED.

ACCORDING TO DU, THE TWO COUNTRIES DID SIGN A "COOPERATION AGREEMENT" COVERING THREE GENERAL AREAS:

--THE TWO COUNTRIES WILL "CONTINUE TO WORK" TO CONCLUDE AND SIGN FIVE AGREEMENTS ON ECONOMIC COOPERATION, INCLUDING INVESTMENT, SEA TRANSPORTATION, AVOIDANCE OF DOUBLE TAXATION, TRADE, AND BANKING;

--THEY WILL SEEK TO COOPERATE IN OTHER FIELDS, SUCH AS CONSTRUCTION, AGRICULTURE, TRANSPORTATION, FISHERIES, HEALTH, SCIENCE, TECHNOLOGY, CULTURE, SPORTS, AND TOURISM;

--THEY WILL HOLD THE NEXT JOINT COMMITTEE MEETING IN HANOI IN 2003.

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14. (SBU) DU STATED THAT A MAJOR FOCUS OF THE MEETING WAS BILATERAL TRADE, CURRENTLY RUNNING ONLY AT ABOUT USD 4 MILLION ANNUALLY. DU TOLD POLOFF THAT BOTH SIDES AGREED TO "WORK SUBSTANTIALY TO INCREASE" TRADE, BUT HE COULD NOT PROVIDE ANY SPECIFIC FIGURES OR DEADLINES. WHEN ASKED WHAT PRODUCTS VIETNAM COULD POTENTIALLY IMPORT FROM THE DPRK, DU CITED A CHEMICAL USED FOR CEMENT PROCESSING, AND CERAMIC PIECES THAT SEPARATE POWER LINES. DU INDICATED THAT MAJOR ADDITIONAL RICE SALES WERE NOT LIKELY, NOTING THAT THE ISSUE OF THE DPRK'S USD 10 MILLION DEBT TO VIETNAM FOR A 1996 RICE "SALE" HAD NOT EVEN BEEN RAISED BECAUSE VIETNAM UNDERSTOOD THAT THE "ECONOMIC SITUATION THERE IS STILL VERY HARD."

15. (SBU) NGO XUAN BINH, DIRECTOR FOR THE CENTER FOR KOREAN STUDIES, OPINED THAT PERHAPS PART OF THE RECENT INCREASE IN BILATERAL ACTIVITY IS THAT THE DPRK HAD SEEN THE SUCCESS VIETNAM HAD ACHIEVED WITH ITS MARKET REFORMS AND WAS HOPING TO LEARN FROM VIETNAM'S EXPERIENCE. HOWEVER, DUE TO THE LACK OF ACCESS TO THE DPRK, BINH ADMITTED THAT "IT IS VERY HARD TO KNOW WHAT THEY THINK."

SOUTH KOREAN VIEW-LITTLE FOR VIETNAM TO GAIN ECONOMICALLY.

16. (SBU) A SOUTH KOREAN EMBOFF TOLD POLOFF ON OCTOBER 26 THAT THE GLOWING IMPRESSION GIVEN BY VIETNAMESE PRESS ACCOUNTS OF THE MEETING WAS "OUT OF PROPORTION" WITH WHAT HAD ACTUALLY OCCURRED. THE MOST SENIOR OFFICIALS PRESENT WERE THE VICE MINISTERS OF TRADE, AND THERE WERE NO SUBSTANTIVE POLITICAL DISCUSSIONS, HE CLAIMED. THE EMBOFF NOTED THAT "IN REALITY, THERE IS NO COMMON AREA FOR THE TWO SIDES SUBSTANTIALY TO INCREASE THEIR RELATIONSHIP" AND THAT A SIGNIFICANT INCREASE IN TRADE IS UNLIKELY BECAUSE ESSENTIALLY THE DPRK HAS NO MONEY AND VERY LITTLE TO OFFER THAT VIETNAM DOES NOT ALREADY HAVE. DUE TO THE DPRK'S EXTREME POVERTY, HE ASSERTED, THE ONLY POSSIBLE TRADE IS "BARTER TRADE." SUCH TRADE COULD POSSIBLY INCLUDE "RICE FOR RUBBER OR POSSIBLY SOME MINERALS," ACCORDING TO THE EMBOFF. CONTRASTING VIETNAM'S RELATIONS WITH SOUTH KOREA, HE CONCLUDED THAT, "VIETNAM CANNOT GAIN ANYTHING ECONOMICALLY FROM THE DPRK."

.BUT BETTER RELATIONS ARE GOOD

17. (SBU) THE SOUTH KOREAN EMBOFF NOTED THAT SEOUL NONETHELESS VIEWS THE RECENT THAW BETWEEN VIETNAM AND THE DPRK POSITIVELY. HE OPINED IT MIGHT BE CONSIDERED AN OUTGROWTH OF VIETNAM'S "DOI MOI" (RENOVATION) POLICY AND THE DPRK'S "DESPERATE" ECONOMIC SITUATION. ACCORDING TO THE EMBOFF, VIETNAM -- HAVING ACHIEVED SOME ECONOMIC SUCCESS
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SINCE "DOI MOI" IMPLEMENTATION IN 1986 -- IS PAYING MORE ATTENTION NOW TO ITS POLITICAL RELATIONSHIPS. SOUTH KOREAN POLICY HAS ALSO PLAYED A ROLE, ACCORDING TO THE EMBOFF. THE "US OR THEM" POLICY OF THE EARLY 1990S HAS BEEN REPLACED BY AN ROK POLICY THAT WELCOMES NORMALIZATION AND ENGAGEMENT WITH THE NORTH, HE NOTED. SIMILARLY, THE DPRK POLICY OF CUTTING OFF EVERY COUNTRY THAT OPENED RELATIONS WITH SOUTH KOREA HAS ALSO CHANGED. THESE POLITICAL FORCES, PLUS THE DPRK'S DIRE ECONOMIC SITUATION, HAVE "COME TOGETHER" TO INFLUENCE THE ONGOING PROCESS, HE DESCRIBED. BINH, FROM THE KOREA STUDIES CENTER, SEPARATELY NOTED THAT THE DPRK HAS ALSO BEEN MAKING "SOME OVERTURES" TO SOME WESTERN EUROPEAN COUNTRIES AND COMMENTED THAT "SLOWLY, THE DPRK IS TRYING TO BECOME LESS ISOLATED."

NO IMPACT ON VIETNAM-SOUTH KOREA RELATIONS

18. (SBU) DU AND THE SOUTH KOREAN EMBOFF SEPARATELY STATED THAT THE RELATIONSHIP BETWEEN SOUTH KOREA AND VIETNAM IS

VERY GOOD AND THAT THE RECENT WARMING OF TIES WITH THE DPRK HAD DONE NOTHING TO CHANGE THIS. THE KOREAN STUDIES CENTER'S BINH ALSO DESCRIBED THE SRV/ROK RELATIONSHIP AS "VERY SOLID." MOST RECENTLY, VIETNAM'S PRESIDENT VISITED SOUTH KOREA IN AUGUST AND SOUTH KOREA'S INFORMATION AND COMMUNICATIONS MINISTER VISITED VIETNAM IN LATE OCTOBER. SOUTH KOREA ALSO HAS AN ONGOING ASSISTANCE PROJECT TO BUILD 40 NEW SCHOOLS IN CENTRAL VIETNAM, RECEIVING FAVORABLE MEDIA COVERAGE.

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19. (SBU) COMMENT: THE FORCES THAT RESULTED IN THE COOLNESS BETWEEN THE DPRK AND VIETNAM FROM 1992-2000 HAVE LARGELY DISSIPATED, LEAVING THE DOOR OPEN FOR REVITALIZATION OF TIES BETWEEN THESE "TRADITIONAL FRIENDS." THIS PROCESS IS APT TO CONTINUE ALONG ITS PRESENT MODEST BUT POSITIVE PATH, BUT IT APPEARS HIGHLY UNLIKELY THAT BILATERAL ACTIVITY WILL INCREASE SIGNIFICANTLY IN THE SHORT TO MEDIUM TERM.
PORTER

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